

HCS HB 1722 -- PROPRIETARY SCHOOLS

SPONSOR: Thomson

COMMITTEE ACTION: Voted "do pass" by the Committee on Higher Education by a vote of 12 to 0.

This substitute changes the laws regarding proprietary schools. In its main provisions, the substitute:

- (1) Allows a proprietary school that has been in operation for at least five years to apply for a two-year certificate of approval;
- (2) Increases the base fee for an annual certificate of approval from one-tenth of a cent to thirteen one-hundredths of a cent per \$1 of net tuition and fees income with a maximum fee of \$5,000 and a minimum fee of \$500 per school. Currently, the minimum fee is \$250 with a maximum of \$2,500. The fee for a certificate of approval to recruit students is raised from \$250 to \$500, with a maximum of \$5,000. The Coordinating Board for Higher Education may increase the base fee and the minimum and maximum amounts by administrative rule every five years, beginning in Fiscal Year 2013, to no more than the federal Consumer Price Index since the last fee increase;
- (3) Allows the coordinating board to establish fees through administrative rule for generating sufficient funding to cover the costs associated with the certification program, with the advice of the Proprietary School Advisory Committee;
- (4) Creates the Proprietary School Certification Fund to fund the costs associated with the operation of the program;
- (5) Increases the maximum bond for a proprietary school from \$25,00 to 100,000;
- (6) Requires the Department of Higher Education to collect only that data needed to supervise the proprietary program and to, upon appropriations, provide a system for the electronic submission of all data;
- (7) Requires the board to review a new program proposal within 90 days and a revised program within 60 days of submission from a certified school. If the review has not occurred in that period, the program may be offered until the department completes its review and identifies a substantive issue for correction. The school will have 90 days after notification of the deficiency to correct the deficiency without ceasing to offer the program;

(8) Changes the appointment of the members of the Proprietary School Advisory Committee from by the State Board of Education to by the Commissioner of Higher Education and requires that at least three of the seven members of the committee represent degree-granting schools and at least one of the three represents a school that confers a bachelor's degree or higher; and

(9) Allows the department to take action against any violation of the proprietary school laws that is authorized in Section 407.020, RSMo, relating to unlawful merchandising practices.

FISCAL NOTE: No impact on state funds in FY 2013, FY 2014, and FY 2015.

PROPOSERS: Supporters say that fees for proprietary schools have not risen in the last 30 years. The industry is supportive of the changes because the additional fees will help provide more efficient oversight.

Testifying for the bill were Representative Thomson; Department of Higher Education; Apollo Group/University of Phoenix; Kaplan Higher Education; and Associated Industries of Missouri.

OPPOSERS: There was no opposition voiced to the committee.